

REMARKS

Claims 1-20 are pending in this application, and in the Office Action, the Examiner rejected all of these claims under 35 U.S.C. §103 as being unpatentable over the prior art. Specifically, Claims 1, 2, 5, 7, 8, 11, 13, 14, 17, 19 and 20 were rejected as being unpatentable over U.S. Patent 5,351,302 (Leighton, et al.) in view of U.S. Patent 6,091,835 (Smithies). Claims 3, 4, 9, 10, 15 and 16 were rejected as being unpatentable over Leighton, et al. in view of Smithies and U.S. Patent 5,850,442 (Muftic); and Claims 6, 12 and 18 were rejected as being unpatentable over Leighton and Smithies and further in view of U.S. Patent 6,185,678 (Arbaugh, et al.)

Independent Claims 1, 7 and 13 are herein being amended to better define the subject matters of these claims. Claims 2, 8 and 14 are being amended to clarify the language of these claims.

For the reasons advanced below, Claims 1-20 patentably distinguish over the prior art and are allowable. The Examiner is, thus, asked to reconsider and to withdraw the rejections of Claims 1-20 under 35 U.S.C. §103, and to allow these claims.

The present invention, generally, relates to systems to establish and to manage electronic titles for financial instruments. As discussed in detail in the present application, several problems or issues need to be addressed in order to develop a mechanism to transfer titles electronically. These problems include: to prevent the creation of illegitimate title; to prevent fraudulent sales; the owner needs to be able to show ownership; ensuring legitimacy of sales; confidentiality; anonymity; and custodial ownership needs to be enabled.

The present invention effectively addresses these issues by a unique involvement of three parties – the owner, the transferee (such as a buyer), and a third party emitter. More specifically, the third party emitter issues the title for the financial instrument; and the title includes (i) a message describing the title and how to contact the owner, and (ii) a digital signature of the owner. The owner is able to transfer ownership of the financial instrument to another person by (i) appending to the title a public part of a signature scheme of that other person, and (ii) signing the title using a public signature scheme of the owner.

The references of record do not disclose or suggest this three-party involvement – and in particular, the role of the emitter.

Importantly, the subject classifications of the three main patents cited against the claims are quite different. This strongly disfavors any attempt at claiming that the present invention, or any part thereof, can be trivially or obviously obtained by combining these three prior art inventions. Besides, as an example of the second main point to be made, the use of Arbaugh, et al. against the present application is merely the statement that the IBM 4758 coprocessors are used for protection in computer technology.

The present invention uses a very special protocol, which is different from the ones of Leighton, et al. and Smithies (as well as from the other cited references). No answer to the points made in the first Office Action response can be seen in the new Office Action. The statement that applicants' points are moot in view of the new grounds of rejection is indeed an affirmation with no supporting argument, since the Examiner failed to recognize the profound difference in the natures of:

- the main opposing Patent, (Leighton, et al.)

- the present invention

There are several examples of confusions based on the common us of a word or concept in this invention and the cited literature. For instance:

1) Like Leighton, the present application mentions the number of previous owners, but in Leighton, it is to indicate some level of wear of the car, and so this number must be protected, while in the case of the present invention, it is to use in the protection against multiple sales of the same financial instrument, so that the number of owners N both needs to be protected AND helps in a basic way in the protection of the overall commercial system enabled by this invention.

Thus the system of this invention also allows for a very private circulation of the title so that the emitter can protect the value of the title by using N in the control of successive sales, but no identity of any of the successive owners.

2) Smithies does indeed mention financial applications, but this is in relation with a system that allows to guaranty one document, transaction or event:

"The invention presents a method and system for recording a detailed record or "transcript" of the acts, events and forensic circumstances related to a party's affirmation of an electronic document, transaction or event."

Smithies would allow, for instance, to create a financial instrument but the way this instrument would further be negotiable and liquid, and secure, and all that with possible privacy protection is absolutely out the scope of Smithies, as it is completely out

of the scope of Leighton. Typically, Leighton's titles, assuming that they are adapted to the financial world, would need to be re-issued at each change of ownership.

3) While the owner of a financial instrument per this invention could keep the titles that she or he owns on cards such as a smart card, or be given handy means to do so, basically the negotiable instrument used in the present invention is a sequence of symbols. The fact that a particular person is the owner of title T is due to the fact that the description of T when that person is indeed the legal owner contains:

- a) A number N such that N-1 is the number of previous owners, so that no previous owner can sell the current owner's title since the emitter knows N.
- b) The public part of (one of) the owner's own public digital signature(s), so that he or she alone can prove ownership or sell the title by using said digital signature.

Independent Claims 1, 7 and 13 clearly describe important features not shown or suggested by the prior art. In particular, each of these claims describes the feature that a third party – the emitter – issues the title for the financial instrument, and that the title includes a message describing the title and how to contact the owner, and a digital signature of the owner. Each of Claims 1, 7 and 13 describe the additional feature that a different party – the owner – transfers ownership of the financial instrument to another person by appending to the title a public part of a signature scheme of that other person, and signs the title using a public signature scheme of the owner.

The other references of record have been reviewed, and these other references, whether considered individually or in combination, also fail to disclose or suggest this combination of the involvement of three separate parties.

In view of the above-discussed, important differences between Claims 1, 7 and 13 and the prior art, and in light of the advantages associated with these differences, it cannot be said that any of Claims 1, 7 and 13 is obvious in view of that prior art. Consequently, Claims 1, 7 and 13 patentably distinguish over the prior art and are allowable. Claims 2-6, 19 and 20 are dependent from Claim 1 and are allowable therewith; Claims 8-12 are dependent from, and are allowable with, Claim 7; and, likewise, Claims 14-18 are dependent from Claim 13 and are allowable therewith. Accordingly, the Examiner is respectfully asked to reconsider and to withdraw the rejection of Claims 1-20 under 35 U.S.C. §103, and to allow these Claims 1-20.

For the reasons discussed above, the present application is now in condition for allowance, a notice of which is requested. If the Examiner believes that a telephone conference with Applicants' Attorneys would be advantageous to the disposition of this case, the Examiner is asked to telephone the undersigned.

Respectfully Submitted,

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